

**WORKERS COMPENSATION BOARD OF INDIANA**

**2015 SECOND INJURY FUND  
CALCULATION OF FUNDING LEVEL**

**December 31, 2014**

Please note the assessment can be paid in two installments.

The due dates are:

**January 30, 2015**

**June 12, 2015**



## STATE OF INDIANA

MICHAEL R. PENCE, Governor

Linda Peterson Hamilton, Chairman

WORKERS COMPENSATION BOARD

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<http://www.in.gov/workcomp>

## **SECOND INJURY FUND REPORT**

**By the Chair**

## **AND ASSESSMENT FOR 2015**

**December 31, 2014**

**As 2014 draws to a close, I am happy to report the Second Injury Fund will end the year with \$832,363 in the bank. However, we did have to dip into the Prudent Reserve again this year. Our estimates for both prosthetics and indemnity were low. \$6,267,390 was collected from the \$6,329,311 assessment. \$6,431,476 was paid out in benefits and expenses.**

**Included with this report are the Certification forms used to calculate individual assessment obligations. These forms use numbers provided by the ICRB as well as self-insured factors taken from new and renewal applications for 2013. Historical data regarding Fund payouts can be found on the last page.**

**We expect indemnity payments from the Fund to continue their upward trend as more injured workers are added to the rolls than are removed. However, the cost of prosthetics in 2014 is the most concerning; it was expected to be similar to 2013. Replacement of prosthetics has historically been a cyclical expense of the Fund; however, the 3 year cycle appears to no longer be a reliable bet. The variations in the years are not as pronounced as they used to be, with the increased cost of newer artificial members. As always, we continue to replace limbs with the "Chevy" not "Cadillac" model. With all of the uncertainty, our prudent reserve for prosthetics is a total of the highest months in 2014.**

The Fund made its final loan repayment to the Board's Supplemental Fund from the 2014 assessment, with the other payments occurring in 2007, 2011, 2012 and 2013. The Board kept the line item for administrative expenses artificially low while the loan repayments were being taken out. 2015 will only be with fourth time administrative expenses are assessed.

A few years ago, the Board began tracking the quarterly time commitment of each staff member who works on SIF issues, as well as the number of hours expended by the Attorney General's office in defending the Fund before the Board and in the Court of Appeals and Supreme Court of Indiana. Other factors such as IT expenses have also been considered. As predicted, the administrative expense assessed in 2015 will rise to more accurately reflect the cost of administrating the Fund, to \$107,926. However, with the annual loan repayment of \$192,400 gone, the extraneous expenses of the Fund will still decline.

Payments will be due on January 30<sup>th</sup> and June 12<sup>th</sup>, both Fridays, if you choose to use the installment option. No reminder will be sent before the due date.

Please call Mary Taivalkoski or me if you have questions or comments regarding the assessment, report, or the Fund.

Wishing you good health, happiness, peace, and prosperity in the 2015.

Yours very truly,

A handwritten signature in cursive script that reads "Linda Hamilton".

Linda Peterson Hamilton

## 2nd INJURY FUND REPORT

December 31, 2014

Available Fund Balance 12/31/13	1,232,735
Revenue from 2014 Assessment	6,267,390
Total Available Monies 2014	7,500,125
Expenditures 2014:	
Indemnity (324 Recipients)	5,135,138
Prosthetics (78 Recipients)	1,296,338
Loan	192,400
Administrative Fees	42,000
SWCAP-Statewide Cost Allocation Plan	<u>1,886</u>
Total	6,667,762
<b>Available Fund Balance 12/28/2014</b>	<b>832,363</b>

### 2015 Assessment Factors

Indemnity (3 month expense)	1,312,238
Prosthetics (3 month expense)	<u>585,100</u>
<b>Total Prudent Reserve</b>	<b>1,897,338</b>

### Estimated Expenditures

Indemnity	5,340,544
Prosthetics	1,348,192
Administrative Fees	107,926
SWCAP-Statewide Cost Allocation Plan	<u>2,220</u>
<b>Projected Expenditures</b>	<b>6,798,882</b>

**Estimated Need** **8,696,220**

12/31/2014 Available Fund Balance - **832,363**

**Final Assessment Amount** **7,863,857**

\* 7.4.2.1 State-Wide Cost Allocation Plan (SWCAP)

## Reported and Historical Data Utilized in Assessment of Fund

(Reported in dollars)

Reported by ICRB for 2013:

Total Losses Paid	457,915,000
Total Premiums Written	829,907,000

Reported by ICRB for 2012:

Total Losses Paid	445,461,000
Total Premiums Written	782,614,000

Reported by ICRB for 2011:

Total Losses Paid	436,329,000
Total Premiums Written	692,820,000

Reported by ICRB for 2010:

Total Losses Paid	427,048,000
Total Premiums Written	616,420,000

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Self-Insured Factors 2013:

|                            |                   |
|----------------------------|-------------------|
| Total Indemnity Paid       | 14,779,695        |
| Total Medical Paid         | <u>51,710,746</u> |
| Total Self Insured Factors | 66,490,441        |

Self-Insured Factors 2012:

|                            |                   |
|----------------------------|-------------------|
| Total Indemnity Paid       | 18,066,780        |
| Total Medical Paid         | <u>43,575,323</u> |
| Total Self Insured Factors | 61,642,103        |

Self-Insured Factors 2011:

|                            |                   |
|----------------------------|-------------------|
| Total Indemnity Paid       | 21,016,610        |
| Total Medical Paid         | <u>56,316,103</u> |
| Total Self Insured Factors | 77,332,713        |

Self-Insured Factors 2010:

|                            |                   |
|----------------------------|-------------------|
| Total Indemnity Paid       | 15,183,200        |
| Total Medical Paid         | <u>46,292,957</u> |
| Total Self Insured Factors | 61,476,157        |

**Historical Second Injury Fund Data re.  
Total Expenditures Reported By the WCB  
(Reported in dollars)**

|                             |           |
|-----------------------------|-----------|
| Jan/Dec 2013                |           |
| Prosthetics (65 Recipients) | 780,300   |
| Indemnity (312 Recipients)  | 4,794,848 |
| Jan/Dec 2012                |           |
| Prosthetics (68 Recipients) | 1,019,258 |
| Indemnity (302 Recipients)  | 4,735,990 |
| Jan/Dec 2011                |           |
| Prosthetics (67 Recipients) | 585,801   |
| Indemnity (293 Recipients)  | 4,375,287 |
| Jan/Dec 2010                |           |
| Prosthetics (62 Recipients) | 561,247   |
| Indemnity (291 Recipients)  | 4,227,113 |
| Jan/Dec 2009                |           |
| Prosthetics (63 Recipients) | 624,711   |
| Indemnity (289 Recipients)  | 4,099,537 |
| Jan/Dec 2008                |           |
| Prosthetics (50 Recipients) | 527,506   |
| Indemnity (281 Recipients)  | 3,413,452 |
| Jan/Dec 2007                |           |
| Prosthetics (53 Recipients) | 539,340   |
| Indemnity (271 Recipients)  | 3,539,032 |